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UNCLAS SECTION 01 OF 02 KATHMANDU 001369

SIPDIS

SENSITIVE

LONDON FOR POL/GURNEY

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TAGS: [PREL](#) [PTER](#) [PGOV](#) [ECON](#) [EINV](#) [NP](#)

SUBJECT: NEPAL: JOINT STATEMENT CONDEMNING MAOIST  
EXTORTIONS

REF: A. KATHMANDU 1367 B. KATHMANDU 1358

1. (U) Ref A cable resent to expanded list of  
addressees (AmEmbassies Berlin and Paris).

2. (U) On July 21, the Industrial Security Group in  
Nepal released a press statement condemning Maoist  
extortions of individuals and businesses during the  
current cease-fire. Despite provisions in the code of  
conduct barring the practice, Maoist exactions have  
grown in size and scope in recent months. The  
Industrial Security Group, chaired by the British  
Ambassador and composed of the bilateral chambers of  
commerce and industry and representatives of the  
embassies of France, Germany, India, U.K. and the U.S.,  
issued the statement to highlight on the Maoists'  
continuing crimes and to call for an end to them. The  
Ambassadors received the support of the Prime Minister  
before releasing the statement (ref B). (The statement  
is provided in its entirety at paragraph 4.)

3. (SBU) Comment: The public statement is precedent-  
setting, as it brought together disparate national  
agendas on a single issue. Despite early uncertainty  
surrounding the stand of the Indian Embassy, in the end  
it joined with the other members in endorsing the  
statement. In addition to the unusual cooperation of  
India, it is notable that the usually quiet European  
missions also fully supported this action. End  
comment.

4. (U) Press Statement, begin text:

Joint Statement of the Industrial Security Group  
Concerning Maoist Extortion

Throughout the period of insurgency in Nepal,  
businesses have complained of extortion demands by  
representatives of the Communist Party of Nepal  
(Maoist). Extortion is a hidden crime, conducted away  
from view, which exploits the fear of its victims.  
Before the cease-fire, this extortion was enforced by  
terrorist threats and use of violence, including  
beatings, shootings and bombings. The cease-fire  
between the government and the militants in January,  
and the adoption of a Code of Conduct in March should  
have lead to the end of extortion. Sadly, this has not  
been the case. Reports of extortion by members of the  
CPN(M) have increased substantially during the cease-  
fire in the number of incidents, geographical extent  
and amounts of money demanded.

Though the cease-fire has reduced the level of over-all  
violence, Maoists have continued to press Nepalis from  
all walks of life--businessmen, families, farmers,  
landowners, civil servants, development workers,  
educators and factory workers--for money and food.  
These extortion demands are criminal and violate not  
only Nepali law but also the internationally recognized  
right of the Nepali people to security for themselves,  
their families and their property. Maoist extortion  
also flouts the ninth point of the Code of Conduct,  
which states "There will be no forceful collection of  
cash or kind". The intensified demands belie Maoist  
claims to support the welfare of the people and the  
health of the nation's economy. Extortion erodes  
public and international confidence in the Maoists'  
sincerity in seeking a stable peace through  
negotiation. Extortion of money from tourists also  
threatens Nepal's international standing and economic  
well-being and should end.

Chambers of Commerce and Industry and their  
international partners, in the interest of the welfare  
of Nepal's people and the sanctity of the rule of law  
in the Kingdom, call upon the CPN(M) to end immediately  
these criminal exactions and adhere to all the  
conditions in the Code of Conduct. The Industrial  
Security Group also urges His Majesty's Government to  
make extortion and other violations of the Code of  
Conduct (including interference in schools,

intimidation of development projects and extortions of hospitals, social institutions and tourists) central to the next round of peace talks. The Industrial Security Group also urges the Communist Party of Nepal (Maoist) to make the necessary steps to rejoin legitimate Nepali politics.

Note: The Industrial Security Group comprised of bilateral Chambers of Commerce and Industry and representatives of the Embassies of France, Germany, India, U.K. and the U.S.

This statement is issued by the British Embassy in Kathmandu on behalf of the Industrial Security Group of which the Embassy is acting Chair.

21 July 2003  
British Embassy, Kathmandu

End text.

MALINOWSKI